

## Dear valued customer,

Black Hills Energy has had the privilege of providing a variety of natural gas services to you (and other farm tap customers) through an agreement with the Iowa Utilities Board for many years. Those services include an annual meter reading and a refill of the product that gives natural gas its distinctive odor. We also do the billing and provide emergency service and periodic, partial leak surveys.

Black Hills Energy has safety standards, maintenance records, and pipeline location data and can access all company-owned mains and service lines. These important guidelines do not currently apply to customer-owned farm tap lines. This can create safety issues for customers, our employees and the public when we can't mark line locations, perform complete leak surveys or identify obsolete fuel lines. Consequently, we have made a proposal to the Iowa Utilities Board for a farm tap safety plan to assure continued safe delivery of natural gas.

Black Hills Energy's proposal would require farm tap fuel lines to have periodic safety tests to comply with current safety standards, provide Black Hills Energy with access necessary to complete approved services, establish a line replacement program, and clarify the rights and responsibilities of Black Hills Energy and the farm tap customer for these fuel lines. In this mailer, you will find additional information about this proposal.

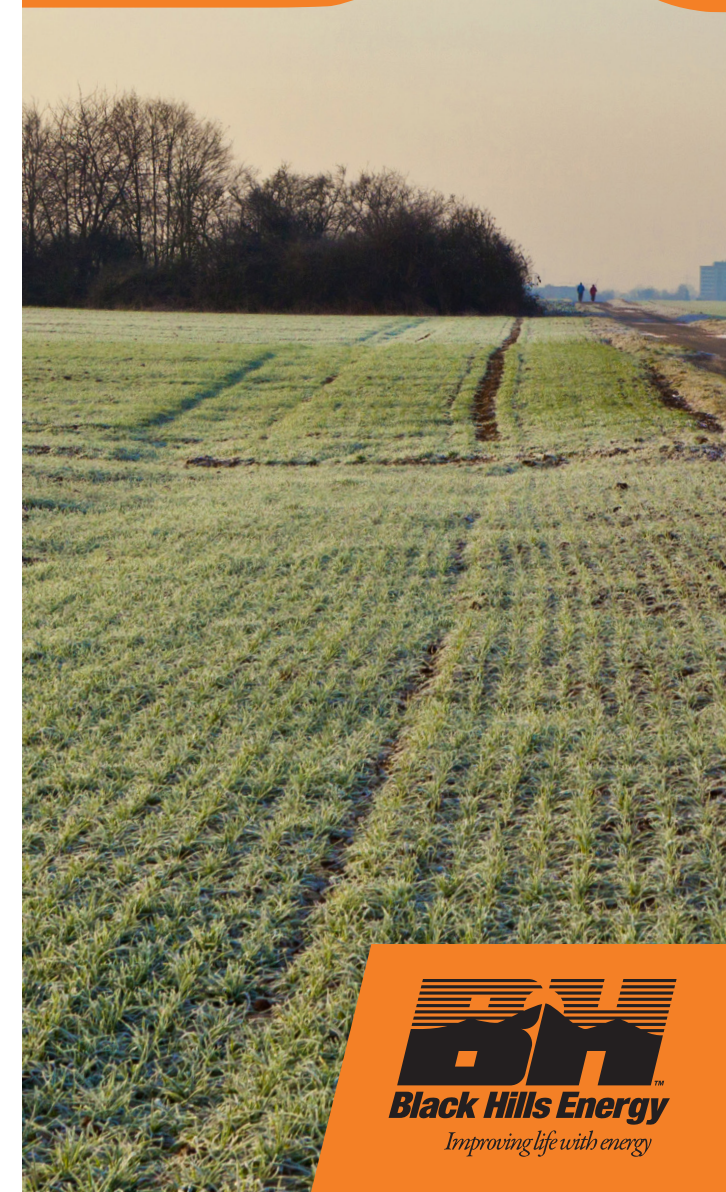
### We welcome your questions and comments on this proposal.

You can also contact us by email at  
**[BHEFarmTapComments@blackhillscorp.com](mailto:BHEFarmTapComments@blackhillscorp.com)**  
or by phone at **800-519-3570**.



# Farm Taps:

**Important safety information  
that may impact you**



## Key Messages

- Black Hills Energy has safety standards, maintenance records, and pipeline location data and can access all company-owned mains and service lines. These important guidelines do not currently apply to customer-owned farm tap lines. This creates a safety issue for our employees, customers and the public when we can't mark line locations, perform complete leak surveys or identify obsolete fuel lines.
- We currently provide services on farm taps, including an annual meter reading and a refill of the product that gives natural gas its distinctive odor. We also provide billing, emergency service and periodic, partial leak surveys.
- Black Hills Energy has proposed a safety program for farm tap customers to assure continued safe delivery of natural gas. The proposed plan would:
  - › Provide periodic safety tests on farm tap fuel lines to comply with current safety standards
  - › Replace unsafe customer-owned fuel lines with new ones that the company would own, operate and maintain. Black Hills Energy has proposed two plans to replace the customer- owned lines; the Iowa Utilities Board (IUB) will decide which alternative is best. Under one plan, customers pay no upfront cost for replacement of the full line. Under the second plan, the cost of replacement is shared; the first 1000' is at no

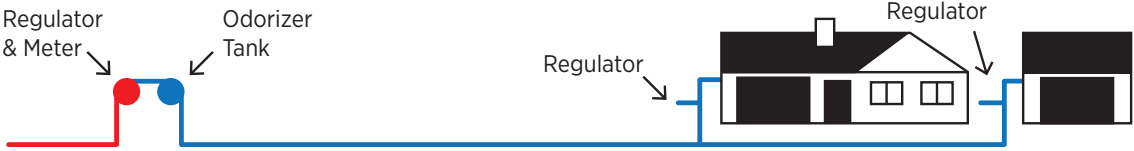
- cost to the customer and footage over 1000' is paid by the customer. (Unsafe lines are those that do not pass a pressure test, cannot be fully located or where we cannot verify that only approved materials were used.)
- › Clarify the rights and responsibilities of Black Hills Energy and the farm tap customer
- › Give customers the option to discontinue service rather than replace the fuel line, if it fails testing.
- Black Hills Energy proposes to recover the costs of line replacement after our next rate case.
- Black Hills Energy wishes to hear customer comments and concerns about this proposal. Your feedback will be used to shape our communications plan going forward.

company can move forward with a proposal such as this.

- **What are my current responsibilities?**
  - › Currently, you are responsible for the safety and condition of the fuel line running from the meter to structures on your property. You're also responsible for any costs associated with the natural gas lost from a fuel line leak.
  - › Know the location and condition of your fuel line and regularly read your meter.
  - › Have a qualified professional periodically inspect your fuel line for leaks. If a leak is discovered, a qualified contractor or your local utility must make the repairs.
- **What are the safety concerns with the current situation?**
  - › The majority of customer-owned fuel lines were installed many years ago. Their condition is unknown as no maintenance records exist. Also, there is no way to identify the location of many of the lines.
- **Under your new proposal, will I have to allow you access to my property?**
  - › It will be necessary to have access to your property in order to complete the services we provide.
- **What are the benefits to me under the new proposal?**
  - › This proposal enhances the safety for farm tap customers, our employees and the public.
  - › Customers no longer have the burden of maintaining their own line
  - › Unsafe customer-owned fuel lines will be replaced at no upfront cost.
  - › You will be eligible to participate in the Black Hills Energy customer programs such as energy efficiency
- **What if I don't want to have my line replaced?**
  - › If the fuel line fails testing, customers will have the choice to discontinue natural gas service and have your energy needs met by alternative energy fuel providers rather than replace the fuel line.

### Farm Tap Customer Responsibility — Existing

- Transmission pipeline: Operated and maintained by Northern Natural Gas
- Fuel line: Owned, operated and maintained by farm tap customer



Black Hills Energy performs one annual meter reading and a refill of the product that gives natural gas its distinctive odor. Black Hills Energy also does the billing and provides emergency service and periodic leak surveys to a portion of its farm tap customers' fuel lines.

### Farm Tap Customer Responsibility — Proposed

- Transmission pipeline: Operated and maintained by Northern Natural Gas
- Distribution line: Operated and maintained by Black Hills Energy
- Fuel line: Owned, operated and maintained by farm tap customer



In addition to the items completed today, Black Hills Energy will maintain the entire line from NNG's outlet of the regulator at the house or other buildings served, including line locating. Customers still read their meter each month and take care of the piping from the regulator at their house to the appliances they serve.

## Questions you may have

- **What is a farm tap?**
  - › If you're a "farm tap" customer, you get natural gas from a cross country transmission pipeline that runs on or near your property. Black Hills Energy doesn't own this transmission pipeline or the fuel line serving your property.
- **How is this different from a customer within a community?**
  - › Within a community, Black Hills Energy owns and maintains the distribution mains and services from the town border station to the customer meter.
- **What services does Black Hills Energy currently provide to me?**
  - › Annual meter reading and a refill of the product that gives natural gas its distinctive odor
  - › We also provide billing, emergency service and periodic leak surveys
- **Why is the IUB involved?**
  - › The IUB is the State of Iowa regulatory body that has authority over Iowa investor-owned utilities. An Iowa investor-owned utility company must have IUB approval before the